

SUSTAINABILITY REPORT

SBB creates sustainable environments where people want to live, work and stay for a long time. SBB's work locally contributes to social, environmental and financially sustainable development of the society by being the largest Nordic actor for social infrastructure. SBB's business model is to own and manage rental apartments in Sweden and social infrastructure properties in the Nordic countries in the long term and in cooperation with municipalities around the Nordic region. The long-term dividend target is to generate a stable growing annual dividend. The loan-to-value ratio shall not exceed 50 percent. SBB is to guide the company's operations in line with the UN global sustainable development goals. We have chosen to focus on Goal 5. Gender equality, Goal 7 Affordable and clean energy, Goal 8. Decent work and economic growth, Goal 11 Sustainable cities and communities, Goal 13 Climate action and Goal 15 Life on land. We support the Paris Agreement's climate goals and the Global Compact's ten principles for sustainable business. In dialogue with our stakeholders, we identified energy efficiency, reduced climate impact, development of sustainable cities and communities, financially sustainable development, business ethics and attractive employers as the focus areas for our operations. To be in line with the Paris Agreement and Sweden's national objectives on climate neutrality, we have raised our targets for reduced energy consumption. To achieve the goal, we are making long-term investments in our properties. This way, we reduce our emissions and costs for both us and our tenants.

FOCUS AREAS 2019

- Economic sustainable development, ethics (including preventive work against corruption) and professionalism.
- Development of sustainable cities and communities
- Reduced environmental impact: electricity, water and heat use, waste management, environmentally hazardous substances, energy efficiency improvement, climate impact with CO2 emissions and environmental improvements in property renovations.
- Attractive employer: developing and stimulating working environment for employees

SUSTAINABILITY STRATEGY AND TARGETS 2030

Sustainability is a natural part of our business model and SBB strives to be the world's most sustainable property company. At the UN summit in September 2015, the world's national leaders adopted 17 global sustainable development goals. The countries of the world have committed to lead the world to a sustainable and fair future from 1 January 2016 until 2030. The 2030 Agenda for Sustainable Development covers the three dimensions of sustainability: social, economic and environmental – Eradicating extreme poverty, reducing inequality and injustice, solving the climate crisis. SBB has set up a sustainability vision for 2020-2030 and a sustainability policy for the concrete implementation of the targets and the vision. Concrete goals within the different focus areas have been formulated and are described under each section. SBB's sustainability vision, targets and policy are adopted by the Board of Directors and continuously followed up by the CEO together with the Sustainability Manager.

- Govern the company's operations in line with the UN global sustainable development goals: (5),(7),(8),(11),(13), (15)
- 100 percent climate neutral by 2030
- Minimizing the risks to the company's assets by continuously reviewing the climate risks in the property portfolio
- Regularly improving, following up and reporting the company's sustainability work

- The company's Code of Conduct, which is based on the UN Global Compact, must be followed and understood by all employees and cooperative partners.

SUSTAINABILITY STRATEGY AND GOALS 2020

Ecological sustainability

The climate issue is one of humanity's greatest challenges and we have a responsibility for future generations to contribute solutions and reduce our own climate impact. We want to act strongly in the climate transformation and SBB has therefore adopted the goal of climate neutrality by 2030 in the entire value chain, as an important part of our promise to build a better society. And we want to do it together with our tenants, customers, suppliers and other stakeholders.

- Continued investment in green financing by issuing green bonds and reducing energy consumption in our green portfolio linked to the green framework by 30 percent by 2023.
- 100 percent renewable electricity in the entire property portfolio and minimizing carbon dioxide emissions by reducing the emissions by at least 5 percent per year
- Continuing to contribute to innovations in environmental technology
- Responsibly and effectively using natural resources and building and managing with a life-cycle mindset (among other things by promoting construction with wood)
- Promoting renovation instead of demolition of buildings in the management portfolio. All properties held for more than three years must be environmentally inventoried and these inventories are to be done at least every ten years
- At least 50 percent of SBB's new production is to be comprised of buildings built of wood
- Continuing to contribute to reduced water consumption in our properties with the goal of 1 percent water savings per year
- Managing and creating housing in locations close to public transport, which contributes to reducing the transport sector's environmental impact
- Contributing to greater biodiversity and limiting the use and spread of environmentally hazardous products
- Responsible management of waste by acting for the minimization of waste, preventing pollution and viewing waste as a resource for re-use and recycling.

Social Sustainability

Social sustainability is an important part of our promise to build a better society. The growing gaps in health and living conditions between different groups of society and residential areas are one of our major challenges in Sweden today. The property industry has a major impact and extensive potential to contribute solutions for greater cohesion, belief in the future, health and trust. We consider it to be crucial that our business and industry understand and can address social challenges today.

- Continuing to be a member of Sveriges allmännyttas (Public Housing Sweden) and participating in the residential social work of the municipalities
- Continuing to contribute to young people's occupation by offering at least 100 summer jobs every year to young people who live in our residential areas.
- Offering adapted apartments for people with disabilities in inclusive environments and owning and managing apartments that can also be rented by people with fewer financial resources

- Annually contributing at least 10 Better Shelter refugee homes and 100 tents through the UNHCR to help improve the housing situation for refugees
- Continuing to support organizations, such as Mentor and Låxhjälp (homework help), that contribute to giving young people a better start in life.
- Being an attractive and inclusive employer for the best and most professional employees, regardless of gender or background
- Actively working to create environments where tenants and employees feel safe

Economic sustainability

Our goal is to have good financial growth without it entailing consequences to the climate and the social environment. By being profitable, we create conditions for driving and developing sustainable management and construction. Through low financial and operational risk, SBB shall provide a strong, risk-adjusted growth in value with increasing cash flows and a growing dividend to its shareholders.

- SBB has the goal of achieving an investment grade rating of BBB+ in the short term and A- in the long term

Governance and responsibility

SBB's Board of Directors has an overall responsibility for the governance of the sustainability issues. SBB's management group is responsible for preparing proposals on policies, targets and strategies within sustainability, which the Board approves. The CEO bears the utmost responsibility for following up the continuous sustainability work, including fulfilment of sustainability goals. The Board of Directors annually establishes policies within the sustainability area and goals for the sustainability work.

Stakeholder dialogue

SBB has many roles where SBB wants to be a trustworthy party, among other things, as a landlord, employer, community player and regional developer. In order to be successful in the long term and attain its goals, SBB needs to understand what these stakeholders expect from the company. SBB therefore assigns extensive importance to listening to the expectations and needs that exist at SBB's stakeholders. Besides the daily contact with tenants, among others, SBB has the goal in 2020 to conduct extensive work on stakeholder dialogues which include employees, tenants, suppliers, financiers and investors. This work will form the basis of a materiality analysis that will be used to decide on focus areas for SBB's sustainability work.

SUSTAINABILITY POLICY

The sustainability policy covers all of SBB's operations and applies to all companies within the Group. Responsibility for the policy lies with the Deputy CEO/Property Development Manager. In its definition of sustainable development, SBB includes responsibility for the long-term economic, environmental and social outcomes and consequences of how SBB applies its business concept and values its operations.

- SBB supports Global Compact's principles on human rights, freedom of association, labour law, working conditions, elimination of forced labour, abolishment of child labour and discrimination, precautionary approaches regarding environmental risks, initiatives to strengthen greater environmental awareness, development of environmentally friendly technology and anti-corruption.
- SBB backs the Paris Agreement, the global sustainable development goals in Agenda 2030, highlights the risks that climate changes entail and views the climate change issue as the great challenge of our time. SBB has the target of reducing climate impact by 750 tonnes of CO₂e per year. This target has been adjusted upwards from 400 tonnes CO₂ per year to take the acquisition of Hemfosa into consideration.

- SBB locates its acquisitions close to railway service. All of SBB's development areas are situated in identified locations close to public transport.
- SBB shall be a financially stable business partner to promote a sustainable relationship with shareholders, tenants and employees.
- An external function for whistle-blowers is in place to ensure ethical business behaviour.
- SBB shall not use materials that are classified as environmentally hazardous and strive to use materials that are approved by an assessment system, such as Sundahus, building materials assessment, Basta.

CODE OF CONDUCT

All managers at SBB are responsible for informing employees about the company's Code of Conduct on introducing new recruits to the company. All employees, including all managers, are responsible for keeping themselves informed on both the Code of Conduct and other applicable policies within the company, as well as regarding applicable legislation. Information regarding the Code of Conduct will be presented in conjunction with conferences, at least once annually, as well as in connection with any updates. The Code builds on the principle that all employees are individuals who are responsible for their own professional conduct. The Code of Conduct also applies to SBB's suppliers.

- No one may be under the influence of alcohol or drugs in connection with work being carried out at SBB.
- SBB does not accept any form of bullying, such as isolation, harassment, or verbal or physical abuse.
- Each employee is to be compensated in accordance with the principles for remuneration applied by SBB, in accordance with which, the individual's performance and contribution to the company's success are fairly assessed. SBB applies collective agreements and follows the appurtenant principles for wages, wage-setting, and other remunerations and terms.
- Gifts, entertainment, remuneration and personal benefits can only be offered to a third party if they are of low value and in accordance with normal business practices.
- SBB applies zero tolerance of bribery.
- The Board of Directors of SBB has adopted an in-house insider policy. The purpose of the insider policy is to reduce the risk of insider trading and other prohibited acts. The insider rules affect different positions to varying degrees, but all employees must be aware of and comply with the provisions included in the insider policy. It is each individual's responsibility to be aware of and comply with, not only the insider policy, but also any legislation and other regulations regarding insider information and the management thereof at any given time.

SUSTAINABILITY APPENDIX

In 2020, SBB will be launching a sustainability appendix that will ensure structured work with financial, ecological and social sustainability in all major projects. The sustainability appendix serves both as a work method for the projects and a contractually binding document. The sustainability appendix includes a document that is to be discussed in the early project development phases before project planning and contracts are finished. There are compulsory requirements on SBB's part, such as compliance with the Code of Conduct and sustainability policy, project planning for low energy consumption, requirements on construction materials and waste management during construction. There are also voluntary commitments for projects that want to go further in their sustainability work.

ABOUT THE SUSTAINABILITY REPORT

This is SBB's sustainability report and covers all of the Group's companies. SBB reports sustainability by financial year, which runs from January to December. The report describes SBB's sustainability work and follow-up during 2019. The latest report was published on 26 March 2019 and referred to the 2018 financial year.

ETHICS AND ECONOMICALLY SUSTAINABLE DEVELOPMENT



Respect for human rights

Risks can be found in the supply chain and in other companies with which SBB has business relations. In order to manage these risks, SBB works with the standard business templates produced jointly by the building and real estate industry when ordering goods and services. SBB has also introduced guidelines on how staff within the company can raise the alarm internally about potential improprieties. To minimize the risk of discrimination, sexual harassment and offensive special treatment, among others, the company has policies against this that all employees must read, understand, sign and comply with. Reviews of the policies are also done in courses and large construction and conversion projects.

Ethics and anti-corruption

SBB's Code of Conduct and a number of policy documents with clearly defined guidelines shall guide the employees' responsible and ethical behaviour and combat corruption. The Code of Conduct is based on the UN Global Compact, which contains ten principles, including human rights and anti-corruption. The company has an established business ethics policy. It acts as a guide and includes, among other things, good business practice in the industry, what is considered a bribe, proper and improper benefits, and a policy regarding study trips, exhibition visits or similar invitations by external contacts. To ensure that managers and employees act in accordance with ethical guidelines and to catch any deviations, a whistle-blower service was introduced in December 2017. This service is administrated externally. By the end of 2019, the whistle-blowing service had not been used. To ensure compliance with the Code of Conduct, it is included in the sustainability appendix being introduced in 2020. This means that a review of the Code of Conduct will be done during a start-up meeting for major conversion and construction projects.

Sustainable supply chain

In 2020, we are introducing requirements that all of our suppliers sign and comply with our Code of Conduct policy. All suppliers have been notified of this requirement and follow-up will take place during the year. In major construction and conversion projects, we will ensure through our sustainability appendix that our suppliers have signed and understood the

implications of our Code of Conduct and sustainability policy. This includes a commitment to work according to the ten principles in the UN Global Compact, including human rights, freedom of association, labour law, working conditions, elimination of forced labour, elimination of child labour and discrimination, as well as anticorruption. Since we purchase a large amount of materials and services from suppliers, it is important to work together in sustainability issues. We conduct continuous evaluations of our supplier collaboration regarding current agreements, which include reviews of compliance to agreements and the Code of Conduct. As a part of ensuring control over the supply chain, SBB strives to engage a limited number of suppliers that we build long-term relationships with. We assess that this improves the conditions for close cooperation and good insight.

Illegal subletting and routine for mediation

SBB has a policy of always offering vacant apartments via our digital rental platform, where existing tenants have priority for vacant apartments within the property portfolio. Trading in illegal subletting contracts is common in Sweden, especially in the Stockholm area with long queues. SBB has procedures to counteract this. When renting, the applicant is credit checked via Bank ID..

Focus for 2020

There are several planned activities for employees in order to live up to responsible and ethical behaviour in 2020.

- The number of incidents related to corruption and unethical behaviour is documented and assessed.
- We continue to hold courses in the working environment area for our employees.

Outcome 2019:

- Number of managers trained in working environment in 2019: 32 (of 36¹)
- Number of letters trained in tenancy law: 20 (of 20²)
- Number of managers trained in professionalism: 26 (of 36³)
- Number of incidents reported to our whistle-blower function in 2019: 0⁴

SUSTAINABLE CITIES AND COMMUNITIES



SBB acquires properties in areas with long-term development potential. Major investments are made to equip and develop the properties in the form of renovating apartments, premises, common areas and façades. Outdoor environments, such as playgrounds and green areas, are also

being restored and new outdoor lighting is being added to remove dark and unsafe areas and contribute to greater biodiversity. The environment and the dwelling become more pleasant for the individual and the area as a whole becomes safer. In some areas where SBB has its property

¹ Employees in Hemfosa are not included.

² Employees in Hemfosa are not included.

³ Employees in Hemfosa are not included.

⁴ Also includes the whistle-blower function at Hemfosa

portfolio, the security issue is a priority focus area. Therefore, an important part of the business model is to make investments in improving social conditions of the areas and thus contributing to a positive and socially sustainable development. This is done, among other things, by creating meaningful activities for young people living in the areas and through collaborative projects with local organizations that work in various ways to improve the social environment.

Fundamental to the business is to continuously develop the properties and the living environment, which leads to well-being and security as well as a positive location identity.

SBB's membership and commitment for sustainable cities and communities:

- Member of Sweden Green Building Council
- Contributes to Mentor Sweden's (www.mentor.se) work as a partner
- Regular customer satisfaction surveys for continuous improvement of our management
- Summer job offers to young people living in our residential areas
- Sponsors OV Helsingborg's social project "Handball school for all"
- Sponsors Stockholm Basketball in cooperation with Charles Barton, running basketball camps for young people aged 13 to 17, who for various financial reasons would not otherwise be able to afford these camps
- SBB sponsors Låxhjälp (homework help) with 15 places in years 7-9 at Guldhedsskolan in Gothenburg where the property is owned by SBB.

Transition risks and physical risks

SBB's property development business is focused on minimizing the impact on the environment. In addition to this, the climate changes and climate

transition entail risks to communities and properties. As long-term property owners, it is important to plan the property development and portfolio to minimize these risks. The climate transition will entail changed travel patterns and types of traffic. Therefore, it is important to follow up the number of sq.m. of light GFA under development near public transport access. At 30 December 2019, the company has 1,300,000 sq.m. (490,800) sq.m. light GFA in our property development portfolio in locations with a good supply of public transport (max 2 km to train station or metropolitan area), which corresponds to around 75 percent of the total development portfolio.

To address the physical risks that the climate changes entail, SBB has begun a risk analysis of the property portfolio to investigate possibilities of conducting climate adaptation measures.

Focus for 2020

There are several planned activities and many of these have already been implemented.

- Continuing to contribute to Mentor Sweden's work
- Continuing the cooperation with Låxhjälp (www.laxhjalpen.se) (homework help) where we support Låxhjälp in Guldhedsskolan in Gothenburg in connection with our property Guldhedsskolan in Gothenburg
- Carry out well-being days for tenants together with other property companies and municipalities
- Offer children and young people of residents in our residential areas summer jobs. The goal is for us to offer at least 100 summer jobs per year

REDUCING ENVIRONMENTAL IMPACT



The company owns and manages properties taking into consideration sustainable development. SBB will offer a sound and pleasant external and internal environment where we constantly follow up and improve our environmental efforts to reduce the environmental impact. The biggest environmental impact occurs through the use of electricity, water and heat in the company's property portfolio, which mainly leads to emissions of carbon dioxide, nitrogen oxide and sulphur, where carbon dioxide is a greenhouse gas that contributes to global warming. Waste from our tenants also constitutes a major environmental impact since only a part is reused while the largest part is sent to incineration. Material selection used for renovation is also an important part of our environmental impact and contributes to high resource consumption.

Through active choices of renewable energy types and ongoing energy efficiency improvements, reduced greenhouse gas emissions within the property portfolio are ensured. Projects are under way where we install heat pumps and recycle energy from exhaust air and waste water. We are implementing a pilot project with solar cells with integrated battery storage at a property in Motala. Furthermore, we ensure that hazardous chemicals are not built in by choosing environmentally-labelled products

as far as possible and that a large part of the products have a building material declaration. When procuring contractors, the environment is included as part of the evaluation criteria. In most of our areas, we offer our tenants recycling and the opportunity to dispose of large household items.

Environmental impact through property management and renovation. The environmental risk is managed by applying the company's environmental policy, improving energy efficiency, environmental investigations in connection with acquisitions, radon measurements, decontamination and sampling (e.g. asbestos and PCB, see also page 46).

Electricity and heating

Properties account for almost 40 percent of the total demand for energy in Sweden. Reducing energy use in the properties is therefore a highly prioritized environmental issue. SBB's portfolio of rental apartments mainly consists of buildings that were constructed between the 1950s and 1980s. Many of the buildings were built before the great oil crisis in 1973, which means that they are often poorly insulated and heat loss is high. SBB's overall energy objective is to reduce the properties' environmental

impact by continuously increasing the energy efficiency of the business. The goal is that over a five-year period we will reduce energy for heating in our green property portfolio by 30 percent (2018 - 2023). The green property portfolio consists mainly of residential properties built between the 1950s and 1970s. The goal is achieved by recovering as much energy as possible in the ventilation air, utilizing environmentally adapted and renewable energy and making energy consumption more efficient in other ways. To achieve this, we are working systematically and continuously on reviews of the properties' energy consumption. Measures are prioritized for the properties that have deviating high energy use. The technical manager is responsible for following up with the respective manager, who is then responsible for implementing measures in selected properties.

We have an agreement with Skellefteå Kraft to supply 100-percent origin-certified renewable electricity to all of SBB's Swedish properties. Once SBB's total consumption in Sweden of around 60 GWh has switched over to 100-percent renewable electricity, it will mean that SBB's carbon dioxide emissions will be around 15,000 lower per year than if the energy according to the so-called Nordic residual mix were used, corresponding to CO2 emissions of around 250.76 g/kWh. The nuclear fuel waste savings amount to nearly 70 kilograms.

For the property portfolio that was acquired in connection with the purchase of Hemfosa, there is an agreement with Vattenfall to supply 100-percent renewable electricity from hydro power.

Below are examples of measures implemented during 2019 to increase energy efficiency of our property portfolio:

- Installation of exhaust air heat pumps in three properties in Skara and one in Tidaholm where the ventilation and heating system are simultaneously adjusted.
- Implementation of a project in Motala where we are installing recovery of exhaust air and also supplementing with waste water heat exchangers.
- Project planning of system solution to reduce the energy consumption of three properties in Borlänge by 30 percent. This partly takes place in collaboration with researchers at Dalarna University.
- In connection with the renovation of our apartments, we remove bathtubs and install low-volume water fittings.
- Installation of geothermal heat in three properties in Härnösand with reduced energy consumption and operating costs as a result.
- Continuously improved energy performance with planned maintenance in the entire portfolio, e.g. after replacement or repair of windows.
- Modernization of ventilation facility in garage.

Energy consumption 2019*

| Energy consumption MWh | Total | kWh/m ² (A _{temp}) |
|------------------------|--------|--|
| District heating | 166267 | 83.3 |
| District cooling | 5398 | 2.7 |
| Electricity | 134086 | 67.2 |
| Other type of energy | 589 | 0.3 |

*Refers to the Swedish, Norwegian and Finnish property portfolio that was acquired in connection with the purchase of Hemfosa. Equivalent to around 45 percent of SBB's total portfolio

Direct and indirect greenhouse gas emissions

SBB's largest source of greenhouse gas emissions is carbon dioxide caused by heating and cooling of properties. In addition to this, there are emissions from travel by company car, electricity consumption,

construction processes and building materials. The formulation of outdoor environments and waste management during construction processes and operation impact our and our tenants' direct and indirect emissions. SBB conducts structured work to reduce the carbon dioxide emissions in all of its areas with particular focus on energy consumption, which is our largest source of greenhouse gas emissions where there is also a direct connection to our economic sustainability.

As the energy use reduces in the operation of buildings, the significances increases of emissions that arise in material production and building production. In new construction projects, emissions from the construction phase are often at least as large as emissions from the operating phase, seen over a 50-year period⁵. SBB previously had relatively few new construction projects, but the strategic significance of new construction has increased and thereby also the significance of the indirect emissions from the production phase. SBB plans to carry out life-cycle analyses in selected new construction projects in 2020 to begin amassing knowledge and competence in the issue.

SBB only buys eco-labelled, renewable electricity for the property portfolio. This is an important reason that our emissions from electricity consumption are relatively low. SBB's direct emissions from travel with service vehicles, company cars and carpool cars constitute about 0.7 percent of the emissions from the operation of the properties. At the same time, these emissions can be directly influenced by our behaviour and SBB works to reduce these emissions in part through our car policy. The calculation is based on information on emissions in Hemfosa's Swedish portfolio (9.2 ktonnes CO₂e) and calculated emissions based on number of kilometres driven in Hemfosa's Swedish management in 2019 from our supplier of company cars (61.2 tonnes CO₂e).

A long-term effort on reduced energy use and climate impact requires skills and commitment. Therefore, SBB is holding courses in climate, energy and the global goals for all employees in 2020. In 2020, we are also introducing a sustainability appendix for major projects that among other things ensures a structured effort with reduced energy use, a larger share of renewable energy, building materials, waste and access to public transport in early phases of project development.

SBB has the goal of reducing emissions of CO₂ between 2018 - 2023 by 750 tonnes per year through energy-efficiency enhancement.

Direct and indirect greenhouse gas emissions 2019.*

| Carbon dioxide emissions | Total (tonnes CO ₂) | kg CO ₂ /m ² (A _{temp}) |
|--------------------------------|------------------------------------|--|
| Scope 1 | | |
| Heating, other types of energy | 26 | 0.01 |
| Company cars | 76 | 0.04 |
| Scope 2 | | |
| District heating | 16545 | 8.29 |
| District cooling | 313 | 0.16 |
| Electricity | 5764 | 2.89 |
| Total | 22724 | 11.39 |

* Refers to the Swedish, Norwegian and Finnish property portfolio that was acquired in connection with the purchase of Hemfosa. Equivalent to around 45 percent of SBB's total portfolio

Waste disposal

Waste gives rise to a large environmental impact from our properties and is therefore prioritized in the environmental efforts. SBB is investing in keeping the areas clean and tidy. In some of the properties, there are recycling stations or rooms for recycling, soil containers for household waste and handling of large household items. The recycling stations and rooms are sometimes located so that large garbage trucks do not have to

⁵ <https://www.iva.se/globalassets/rapporter/ett-energieffektivt-samhalle/201406-iva-energieffektivisering-rapport9-i1.pdf>

drive into the residential areas. We also have a goal that there should be enough recycling stations to make recycling easier for our tenants. So far, no follow-up of quantities of waste from each region has been made.

Materials and environmentally hazardous substances

Several of our properties were built between the 1950s and the 1980s, which means that they have built-in materials that today are classified as environmentally hazardous, such as asbestos and PCB. As far as PCB is concerned, our entire portfolio has been inventoried.

Asbestos is a material that becomes harmful when handling and demolishing the material, which means that we, for example, during apartment renovations always carry out a sampling and risk assessment before demolition begins. Demolition and decontamination of asbestos is always done based on applicable legal requirements and with certified decontamination contractors.

In renovations, we strive to use building materials that are approved according to an assessment system, such as Sundahus, building materials assessment, Basta. Materials that are classified as environmentally hazardous shall never be used. In the apartment renovations, for instance, plastic mats, which often can contain dangerous chemicals, are replaced with floors made of natural materials (parquet and clinker). During the procurement process, the choice of materials is based on building material assessments.

Radon in elevated levels occurs in several of our properties. SBB therefore works actively on measures and follow-up measurements to ensure levels below the guideline value of 200 Bq.

Materials and environmentally hazardous substances are issues that are included in the sustainability appendix being introduced for new construction and conversions in 2020. Through the sustainability appendix, structured work and requirements in contracts are ensured.

Environmental Risks

Our properties contain environmental pollutants, where mainly asbestos and PCBs are common. There is also a risk that radon occurs in the properties since part of the portfolio consists of blue concrete. Previous

businesses that have existed in our properties could have contributed to pollution in soil and water, which may become the property owner's responsibility unless the current business remains.

Even today, there are several chemicals in products that in the future may prove to be hazardous to people or the environment. Other environmental-related risks are increased risk of flooding due to an increased share of extreme weather with global warming. There is also a risk of increased taxes and costs for energy.

In order to manage these risks, SBB actively works with radon measurements and measures against radon in our portfolio. PCB decontamination is carried out in all of our properties, with the exception of some dispensers that will be decontaminated in connection with future façade renovations. In connection with our renovations, continuous sampling is carried out on asbestos and any decontamination is carried out by approved contractors before our construction contractors enter and do renovation work. In connection with the acquisition of new properties, a risk assessment is always carried out with respect to environmental issues. Among other things, with regard to the presence of hazardous substances and possible soil contamination. To meet the risk of future increases in energy costs, we are continuously working on energy saving measures in our portfolio.

Focus for 2020

SBB will set up new intermediate targets for 2020 to reduce CO2 emissions between 2018 - 2023 by 750 tonnes per year. During 2020, SBB will begin investing in renewable electricity by installing solar energy in a number of properties. We will continue to install heat pumps in our properties, as well as improve the buildings' climate envelope. In several of our locations, we have received grants from the National Board of Housing, Building and Planning to improve the outdoor environments. The goal for improved outdoor environments is to stimulate activity and social interaction. We will continue to work on reducing the proportion of waste that is not recycled by our tenants through a number of planned measures, for example through increased information to the tenants and through collaboration with local associations. Furthermore, we will work to improve the environmental requirements set in connection with purchasing.

ATTRACTIVE EMPLOYER



In recent years, SBB has grown through a number of acquisitions. The number of employees increased by 112 people⁶ in 2019 through taking over personnel and new recruits to various positions. With a growing organization, the need for coordination grows and higher demands are placed on communication and leadership. It is important to attract and retain competent employees.

Organization

SBB has an organization that is structured to cope with managing, developing and renovating the company's properties. The company's comprehensive management organization is deemed to be strategically

important in order to guarantee a good residential and working environment. A local base among the employees is also important. Therefore, the company employs young people who work over the school breaks in the residential areas that they live in. A personal commitment that leads to continuous development of the residential environment and at the same time provides good social side-effects.

Management and control

The company's personnel policy has been adopted by management and describes how the company wants to make use of the employees' skills and knowledge in order to achieve the company's vision and goals and to

⁶ Includes the purchase of Hemfosa, which at the time of the acquisition had 83 employees

offer the employees personal development. The policy clarifies that everyone should be given the same opportunities to build their skills. The Board of Directors has adopted ethical guidelines for the company's conduct and they summarize our approach as a business partner, employer and social actor. The Code of Conduct is based on our fundamental values, high ethics, a holistic view and a humanistic basic view. The company's systematic work to develop the working environment and to minimize any risks in the working environment had a strong focus in 2019 and this important work is continuing in 2020. For example, SBB conducted safety inspections in 2019 and plans to continue them in 2020. In 2019, two work environment courses were held where everyone in the management has participated.

Culture and competence

Today, the corporate culture at SBB is characterized by commitment, openness and development. In 2020, we will continue working on the corporate culture. Among other things, by conducting a dialogue with stakeholders where the employees' perspectives play a major role in describing and establishing the company's values that describe our way of being, what is important to us, what we want to stand for, how we are and, not least, how we should relate to our customers, employees, partners and the outside world.

Each employee should be given the opportunity to develop in the best possible way in their work and in their personality for the success of the organization and the individual based on their ability. This is also the starting point when we look at the concepts of equality, diversity and equal treatment, which for us means that all people are of equal value and should be treated with respect and dignity irrespective of gender, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age. This is regulated through SBB's sustainability policy and Code of Conduct, which all employees must read, understand, sign and comply with. SBB also contributes to work against discrimination and for equal opportunity by signing to work for the ten principles of the UN Global Compact.

All employees are obliged to participate in an, in all respects, equal and tolerant workplace, but a special responsibility rests with our managers and supervisors.

SBB attracts and retains competent employees through:

- Market-based terms of employment
- Collective agreements in management
- Skills development
- Good working environment
- Warrant programmes and other incentive programs to motivate and reward employees
- Personal development and skills improvement
- Employees are covered by health insurance and occupational pension

Working environment

The systematic work done in relation to the work environment is described in the work environment policy and the guidelines for systematic work environment. The process of constantly developing and improving the working environment is ongoing. In 2019, we will focus on implementing and educating our employees in work environment issues. This work is continuing in 2020. For example, SBB conducted safety inspections in 2019 and plans to continue them in 2020. In 2019, two work environment courses were held where everyone in the management has participated.

Risk of ill health and accidents among staff, surrounding society can be affected by noise and other disturbances in locations where the company is active. The risks are managed through active human resource work, safety inspections and dialogue with the surrounding community.

Employee health and safety

SBB encourages all employees to adopt a healthy lifestyle and offers support in several different ways. Private health insurance and fitness grants of SEK 2500 are a few of the benefits SBB offers all of its employees. In 2019, SBB's short-term sickness absence was 0.8 percent and long-term sickness absence was 2.4 percent.

During the year, training in CPR and ergonomics was provided at most offices. Extensive focus is on preventive measures and extended information provision and a higher degree of training for all managers. This work will continue in 2020.

Availability during holidays and weekends

It is important that our customers have the opportunity to get in touch with us and our representatives at all times. It is also important that our employees have a good balance between work and leisure. We therefore have agreements with companies that handle emergencies at weekends and longer holidays. This combined with careful holiday and leave planning for the staff means that we can satisfactorily meet the tenants' needs to be able to get in touch with us and ensure our employees' right to holiday and time-off.

Performance reviews

In 2019, in connection with the incentive programme, we had procedures with regular employee performance reviews. This is also continuing in 2020.

Follow-up regarding accidents at workplaces

All incidents and injuries that occur in the organization are reported to the Swedish Social Insurance Agency and the Swedish Work Environment Authority, as well as AFA Insurance. The company has been spared from difficult accidents. During 2019, we strengthened and clarified procedures for notification of occupational injuries and incidents. In 2019, we implemented a systematic work environment effort. This work includes a follow-up of accidents at the workplace. This is continuing in 2020.

Diversity, gender equality and equal opportunity

Tenants' diversity is an asset and reflecting it in the organization is a matter of course for SBB. We encourage diversity and reject all forms of discrimination. All employees' terms, rights and development possibilities must be the same throughout the company. We do not tolerate any form of discrimination whether based on gender, transgender identity or expression, ethnic identity, religion or other faith, disability, sexual orientation or age. This is regulated in our Code of Conduct, which all employees must sign and comply with. A goal for 2020 is that all supplier must understand, sign and comply with the Code of Conduct policy. To ensure understanding and compliance with the Code of Conduct policy, we work with internal training and interviews; in 2020, we will also introduce the Code of Conduct as a discussion item at start-up meetings in major projects through the sustainability appendix.

Our policy and our guidelines against offensive special treatment are available in our Work Environment Manual. When recruiting, we strive for diversity in all respects. The company's ambition is to have an even gender distribution. At year-end, SBB had 252 employees, of whom 91, or 36 percent, were women. The proportion of female managers amounts to 33 percent (17). The corporate management team, which consists of nine people, had two women members, 22 percent. The company's Board of Directors had two women Board members, 29 percent.

To ensure equal opportunities, we work with:

- Flexible working hours and work environment
- Parental compensation
- A well-developed recruitment process
- Annual salary survey

- Annual performance reviews where issues concerning satisfaction, well-being and equal opportunity are taken up
- Training in systematic work environment by investigating, implementing and following up on operations in such a way so as to prevent ill health and accidents in the work and to achieve a good work environment.

Labour law and remuneration

SBB has signed the Global Compact's ten principles and the ILO's declaration of fundamental principles and rights in working life. This includes the conventions on freedom of association, elimination of forced labour, discrimination, etc. All of SBB's employees and suppliers shall certify that they comply with these principles by signing our sustainability policy and Code of Conduct policy. In major projects, this is also ensured through the sustainability appendix for projects being launched in 2020. Samhällsbyggnadsbolaget Förvaltning i Sverige AB applies collective agreements and follows the appurtenant principles for wages, wage-

setting, and other remunerations and terms. Other Group companies have competitive terms for salaries, salary determination, pension, leave, etc.

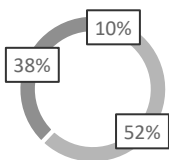
Focus for 2020

- We will develop the working environment by educating our employees in all parts of the work environment
- We will develop our employees' skills through further education in professionalism and tenancy law, among other subjects.
- We strive for a low sickness absence, with the goal that short-term sickness absence shall not exceed 2 percent and long-term sickness absence shall not exceed 3 percent.

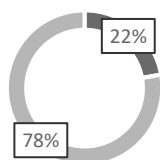
Personnel turnover

Personnel turnover in 2019 was 12%. The turnover is calculated as the number of permanent employees who have quit minus average number of employees during the year. This calculation includes both SBB's and Hemfosa's personnel in 2019.

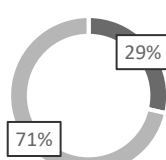
Age distribution, all employees (incl. Hemfosa's staff)



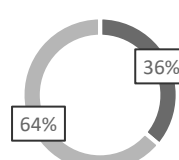
Gender distribution, Management group (SBB)



Gender distribution, the Board (SBB)



Gender distribution, all employees (incl. Hemfosa's staff)



- 20 – 29 yr ■ 30 – 49 yr
- 50 - yr

- Women ■ Men

- Women ■ Men

- Women ■ Men

Summary of staff, Management, Board

| Combined | Total | Gender distribution (%) | 20 – 29 years | 30 – 49 years | 50 or more years |
|-----------------------------|-------|-------------------------|---------------|---------------|------------------|
| All employees* | 252 | | 26 | 131 | 95 |
| Age distribution (%) | | | 10 % | 52 % | 38 % |
| Women | 91 | 36 % | 15 | 53 | 23 |
| Men | 161 | 64 % | 11 | 78 | 72 |
| Managers* | 52 | | | 25 | 27 |
| Age distribution (%) | | | | 48 % | 52 % |
| Women | 17 | 33 % | | 12 | 5 |
| Men | 35 | 67 % | | 13 | 22 |
| Management Group** | 9 | | | 3 | 6 |
| Age distribution (%) | | | | 33 % | 67 % |
| Women | 2 | 22 % | | 1 | 1 |
| Men | 7 | 78 % | | 2 | 5 |
| Board of Directors** | 7 | | | | 7 |
| Age distribution (%) | | | | | 100 % |
| Women | 2 | 29 % | | | 2 |
| Men | 5 | 71 % | | | 5 |

* Including Hemfosa's staff
**SBB's organization

Declaration of limitation and basis for calculation of emissions according to the GHG protocol

| Scope | Activity | Restriction |
|-------|----------------------------------|--|
| 1 | Oil in properties | The oil the property owner buys. Data from energy follow-up system. Conversion factor 273 g CO2e/kWh. |
| 1 | Pellets in properties | The pellets the property owner buys. Data from energy follow-up system. Conversion factor 27 g CO2e/kWh. |
| 1 | Business travel with company car | The travel made on business with a company car through contractual partner. Data from reading meters through partner company for company cars. Emissions per kilometre are based on the manufacturer's information for mixed driving for the respective car. Average of emissions for the Swedish management is used as a standard value for the Norwegian management. |
| 2 | Use of electricity | The electricity consumption where the property owner is the contracting party. Data from meters, obtained through our energy follow-up system. Conversion factor 8.3 g CO2e/kWh for source-labelled electricity from hydro power and 125.5 g CO2e/kWh for Nordic electricity mix |
| 2 | Use of district heating | The district heating where the property owner is the contracting party. Data from energy follow-up contracting party system. Specific emissions data for the respective supplier and standard amounts for Norwegian and Finnish district heating and district cooling with data from Norway's and Finland's statistical central agencies. |
| 2 | Use of district cooling | The district cooling where the property owner is the contracting party. Data from energy follow-up system. Specific emissions data for the respective supplier and standard amounts for Norwegian district heating and district cooling with data from Norway's statistical central agency. |